

EXHIBIT 11

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September 2, 2020

24-Hour Fitness USA, Inc.
12647 Alcosta Blvd., Suite 500
San Ramon, CA 94583

Attention: Mr. Jeremy Gottlieb
VP | Audit & Compliance
Email: tgottlieb@24hourfit.com

Re:	Assured	:	24-Hour Fitness
	Location	:	Multiple Locations
	Date of Loss	:	March 21, 2020 – First Notice to Broker
	Nature of Loss	:	Covid-19 Virus – Business Closures
	Insurers	:	<ol style="list-style-type: none"> 1. Continental Casualty Company Policy No: 6013789648 2. Starr Surplus Lines Insurance Company Policy No: SLSTPTY11203219 3. Allianz Global Risks US Insurance Company Policy No: USP000783190 4. Liberty Mutual Fire Insurance Company Policy No: MJ2-L9L-433817-029 5. Certain Underwriters at Lloyd's London Policy No: W27C0A190101 6. Allied World Assurance Company, Ltd Policy No: 0311-9178-1N
	McLarens File No.	:	002.051949.MI.A

Dear Mr. Gottlieb:

As you know, McLarens has been retained by the above-referenced Insurers ("Insurers") to investigate the reported loss. Although this communication is approved by, and authorized for issuance on behalf of, Insurers, please note that no representative of McLarens, or any other consultant retained by or on behalf of the Insurers has any authority either to bind the Insurers with respect to coverage, or to interpret, waive or alter any of the terms, conditions or limitation of the policy. All coverage determinations are reserved exclusively to the Insurers.

Page 2
 24-HOUR FITNESS
 September 2, 2020

002.051949.MI.A

With respect to those policies that contain an Interruption by Communicable Disease Endorsement, while Insurers have received your responses to inquiries posed, we have not received sufficient information to confirm that access was prohibited to an insured location as a result of the actual presence of and spread of communicable disease; and, that, the prohibition of access to the location was a result of an order of civil authority regarding the same. Specifically, the provision provides:

INTERRUPTION BY COMMUNICABLE DISEASE

This policy is extended to cover the reasonable and necessary expenses incurred by the Insured to:

- a) Clean up, remove and dispose of communicable diseases from the insured property at a described location; and
- b) Restore the premises;

In a manner to satisfy the minimum requirements of any law or ordinance regulating communicable diseases. This policy is also extended to cover business interruption (if provided) loss directly resulting from items a) and b).

All coverage above must be directly resulting from access being prohibited to a described location or any portion thereof:

- a) Due to the actual presence of and the spread of communicable diseases at that described location; and
- b) As a direct result of a declaration by a civil authority enforcing any law or ordinance regulating communicable diseases.

For the purpose of this extension, the presence of and the spread of communicable diseases will be considered direct physical damage and the expenses listed in items a) and b) above will be considered expenses to repair such damage. There will be no coverage to comply with any law or ordinance with which the Insured was required to comply had the direct physical damage not occurred.

Based on the information submitted to date, the incidents currently at issue in this claim are those arising from possible exposure, presumed exposure, or in connection with someone who may have been diagnosed with COVID-19. Additionally, with respect to the potential exposure to individuals who may have tested positive for COVID-19, no information has been provided as



Page 3
 24-HOUR FITNESS
 September 2, 2020

002.051949.MLA

to the timing or timeframe of such exposure(s), or the relationship, if any, of that specific incident of potential exposure to the closure of a location by an applicable order of civil authority. Insurers have also not yet received information concerning the alleged presence or spread of COVID-19 at an insured location; or information to indicate that 24 Hour Fitness received a declaration by a civil authority enforcing any law or ordinance regulating communicable disease as a result of the actual presence of and the spread of communicable diseases at an insured location.

Towards that end, we would ask that you provide information that is responsive to the following additional requests for information.¹:

- Please provide any and all information in your possession relative to the actual presence of COVID-19 at an insured location²;
- Please provide any and all information in your possession relative to the spread of COVID-19 at an insured location.
- To the extent that COVID-19 was determined to be actually present at an insured location, please provide any documents, Incident/Accident Report or any other written documentation (electronic or otherwise) memorializing the event/incident and/or presence of COVID-19 at or within an insured location which you would like Insurers to consider;
- Please provide any order of civil authority which mandated the closure of insured location as a result of COVID-19(to the extent this information has only been partially provided); and
- With respect to those locations where access was prohibited due to the actual presence of and the spread of COVID-19 at an insured location, please provide any and all receipts for any clean up, removal expenses and costs to restore the premises, if any.

SUPPLEMENTAL RESERVATION OF RIGHTS

This letter is not, and should not be construed as, a waiver of any terms, conditions, exclusions or other provisions of the policy or any other policies of insurance issued by the

¹ Insurers investigation is ongoing and Insurers reserve the right to request additional information to the extent necessary.

² None of the incidents identified set forth when the insured location was closed relative to an applicable civil authority order.



Page 4
24-HOUR FITNESS
September 2, 2020

002.051949.MLA

Insurers or any of their affiliates. Insurers expressly incorporate prior correspondence, including the reservation of rights letter issued on or about April 16, 2020.

In addition to the terms, conditions, exclusions and other provisions cited in the reservation of rights letter dated April 16, 2020, Allianz Global Risks US Insurance Company ("Allianz") also references the following Endorsement No. 2 set forth in Allianz's Policy No. USP000783190:

POLLUTION AND CONTAMINATION EXCLUSION ENDORSEMENT

A. Notwithstanding any other provision, this policy, including in endorsements, does not cover:

2. Loss, damage, costs or expenses in connection with any kind of description of seepage and/or "pollution" and/or "contamination", direct or indirect , arising from any cause whatsoever.

B. DEFINITION

"Pollution" and/or "Contamination"

The terms "pollution" and/or "contamination" shall mean the presence of any material which after its release or discharge can cause or threaten damage to human health and/or human welfare , or causes or threatens damage, deterioration, loss of value , marketability and/or loss of use to insured property, including but not limited to, bacteria, virus, or hazardous substances as listed in the Federal Water Pollution Control Act, Clean Air Act, Resource Conservation and Recovery Act of 1976, and/or Toxic Substances Control Act, or as designated by the US Environmental Protection Agency.

Other terms and conditions as contained within your policy may apply. As information becomes available, we will update this correspondence.

Insurers expressly reserve all of their rights under the policy, including the right to amend the above Reservation of Rights to include any additional grounds for disclaimer or limitation of



Page 5
24-HOUR FITNESS
September 2, 2020

002.051949.MLA

coverage, included but not limited to those set forth above, if subsequent information indicates that such action is warranted. The Insurers acknowledge that by accepting this Reservation of Rights, you are not waiving any of your rights under the policy.

In the interim, should you have any questions, please do not hesitate to contact the undersigned.

Very truly yours,



Michael R. Allen
Vice President

cc: (via email)

LOCKTON COMPANIES
Attn: Teresa Cowart, AIC
tcowart@lockton.com

 McLarens

**Exhibit 11 to Plaintiff's Omnibus Appendix of Evidence in support of its
Oppositions to Defendants' Motions for Summary Judgment**

Page 580 of 2921